

FTB NOTICE

California Franchise Tax Board - Legal Division



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FTB NOTICE 92-3

August 14, 1992

Control Number:
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SUBJECT: Settlement of Civil Tax Matter Disputes

AB 887 (Stats 1992, Chap. 449, Mays) was signed by the Governor and filed with the Secretary of State on August 6, 1992, effective immediately. This Act, which sunsets on June 30, 1993, gives the Franchise Tax Board authority to settle civil tax matter disputes existing on July 1, 1992. The Act specifically provides for the following procedures:

The Executive Officer or the Chief Counsel of the Franchise Tax Board may recommend to the Franchise Tax Board itself the settlement of any civil tax matter dispute. The recommended settlement must have been first reviewed by the Attorney General for reasonableness from an overall perspective. The Board must approve or disapprove the settlement recommendation within 45 days or it will be deemed approved. Disapproval must be by majority vote of the Board. Franchise Tax Board settlement meetings will be conducted in closed session and, except as described below, any settlements are considered confidential tax information.

Whenever a settlement is approved which results in a reduction in tax in excess of five hundred dollars, a public record statement will be placed in the office of the Executive Officer which will contain the following information:

- (1) The name or names of the taxpayers who are parties to the settlement.
- (2) The total amount involved.
- (3) The amount payable or refundable pursuant to the settlement.
- (4) A summary of the reasons why the settlement is in the best interests of the State of California.
- (5) The Attorney General's conclusion as to whether the recommendation of settlement was reasonable from an overall perspective.

The public record will not include any information that relates to any trade secret, patent, process, style of work, apparatus, business secret, or organizational structure that, if disclosed, would adversely affect the taxpayer or the national defense.

Authority to settle will only exist for civil tax matter disputes existing on July 1, 1992, with respect to which recommendations for settlement are first submitted to the Attorney General no later than June 30, 1993, and are first submitted to the Franchise Tax Board no later than September 15, 1993.

The settlement program will treat the term " civil tax matter dispute" as including any protest, appeal, or claim for refund, with respect to tax, interest, penalties, additions to tax, or fees if these disputes are evidenced by a notice of proposed assessment, notice of proposed overassessment, claim for refund, or appeal from a notice of action, dated on or before July 1, 1992.

Authority to settle litigation cases already exists, so these disputes are not included. Audits in progress as of July 1, 1992, are not included.

Taxpayers interested in initiating settlement of their disputes should call or write to the person at the Franchise Tax Board who is currently handling their tax matter, if that person is known to them. Until further notice all other taxpayers should call (916) 369-4197 or write to:

Franchise Tax Board Settlement Bureau
P.O. Box 1468
Sacramento, CA 95812-1468

Taxpayers calling or writing should be prepared to give their name, social security number (corporate number) and the document number of the notice which evidences the dispute.

DRAFTING INFORMATION

The principal author of this notice is Timothy W. Boyer of the Franchise Tax Board Settlement Bureau. For further information regarding this notice, contact Mr. Boyer at the Franchise Tax Board Settlement Bureau, P.O. Box 1468, Sacramento, CA 95812-1468.